

**STATEMENT OF FEDERAL COORDINATOR DONALD E. POWELL**  
**OFFICE FOR GULF COAST REBUILDING**  
**BEFORE THE**  
**HOUSE FINANCIAL SERVICES SUBCOMMITTEE ON HOUSING AND**  
**COMMUNITY OPPORTUNITY**  
**MARCH 9, 2006**

**INTRODUCTION**

Chairman Ney, Ranking Member Waters, and Members of the Subcommittee:

I am pleased to appear before you today as the Federal Coordinator for Gulf Coast Rebuilding to discuss the progress we have made in the Gulf Coast region and the challenges and opportunities we face in the recovery and long-term rebuilding effort.

A little more than six months ago, Hurricane Katrina tore through an area of the Gulf Coast equivalent to the size of Great Britain. A few weeks later, Hurricane Rita followed Katrina's path into the Gulf of Mexico and then made landfall on the coast of Texas and Louisiana. In the aftermath of Hurricane Katrina, President George W. Bush created the Office of the Federal Coordinator for Gulf Coast Rebuilding by Executive Order 13390 to be housed under DHS and Secretary

Chertoff. I was charged by the President with coordinating federal support for the long term rebuilding efforts.

Let me begin by telling you it is a great honor to have been appointed by the President to this very important post. He is committed to doing whatever it takes to support the recovery and rebuilding efforts in the affected areas of Alabama, Florida, Louisiana, Mississippi and Texas. The entire Gulf Coast region is of great historical, cultural, and economic importance to this country, and we will make sure that these Americans get back on their feet and rebuild their lives. Whole communities have been ravaged by Katrina and Rita, but I am confident that working together we will see a better and brighter tomorrow for our fellow Americans in these affected areas.

#### **MISSION OF THE OFFICE OF THE FEDERAL COORDINATOR**

Our job is to work closely with people on the ground to identify and prioritize the needs for long-term rebuilding. We communicate those realities to the decision makers in Washington, and advise the President and his leadership team, including Secretary Chertoff, on the most effective, integrated, and fiscally responsible strategies for a full and vibrant recovery. Finally, we help provide thoughtful and coordinated federal support to the affected areas.

## **GUIDELINES FOR REBUILDING**

The President has laid out clear guidelines which emphasize that the vision and plans for rebuilding the Gulf Coast should come from the local and State leadership, not from Washington, D.C. First, rebuilding should not become an exercise in centralized planning. If federal bureaucrats determine the path of rebuilding, local insight and initiative will be overrun and local needs overlooked.

In that spirit, each affected state has brought together their best and brightest minds to create a plan that meets their respective needs. Louisiana has formed the Louisiana Recovery Authority and Mississippi has formed the Mississippi Development Authority to formulate both a policy and a strategy for moving forward. My office has worked tirelessly with both groups to ensure their success and we will continue to do so until they no longer request our assistance. Each state has made great strides and we are proud of their progress.

As the states develop their plans, we encourage and support them to focus on the future. Although there are extraordinary immediate needs, rebuilding cannot be seen in the short term – there must be a long-term vision of where each state wants to be five, ten, or twenty years from now, and a path must be drawn to get there from where we are today. Discussions with the states include both how to meet immediate needs and strategies for long term planning and infrastructure. Based on these discussions, I have every confidence that the Gulf Coast region

will regain its economic and social vibrancy and be an integral part of America's economic base.

The President has also emphasized the importance of being good stewards of the substantial amounts of money that have been, and will continue to be, spent on this effort. To date, the federal government has already committed more than \$87 billion (please see attachment A for more detail on allocation and attachment B for the amount spent) for the recovery effort, and the President has submitted a request for an additional \$19.8 billion in the 2006 supplemental package, which would bring the total to well over \$100 billion. That figure does not include the tax relief of the GO Zone legislation, which will be approximately \$8 billion. Of the money that has been appropriated, approximately \$53 billion has been obligated to date.

In order to ensure that this money is spent effectively and responsibly, the Administration has put into place responsible financial management practices and has enhanced audit and investigative resources for the Inspectors General of every Federal agency to safeguard federal spending. We also call on the oversight and accountability mechanisms of Congress to assist in the fiduciary protection of the American taxpayer. Together, we must demand the highest standards of governance and accountability in the administration of federal investment, and we must track progress with well-defined goals and performance metrics. If Americans see their tax dollars being ill-spent, their support – which is

critical – will wane. It is my duty to ensure that any plans or strategies for rebuilding are conducive to the prudent, effective, and appropriate investment of taxpayer dollars.

Finally, if the heavy hand of federal government impedes the private sector's proven ability to speed the recovery, it will take longer and be more expensive to rebuild. Markets must be encouraged and allowed to work properly without interference from government.

## **WORKING GROUP STRUCTURE**

In our Office, we talk about the triangle of recovery: Safety, Community and Economy. Safety is the foundation, the fundamental knowledge that a resident is physically secure from the dangers of future storms and floods; and Community and Economy on either side, the homes, schools, hospitals and clinics, emergency services, community organizations and businesses that make up the critical underpinnings of a healthy and vibrant society. One of the tools we have established to leverage fully and effectively the expertise and resources of the federal government is a system of Working Groups. These Working Groups are staffed by policy and programmatic experts drawn from across the agencies and departments of the federal government and tasked against eight subject areas essential to the triangle of Security, Community and Economy. These eight groups are Environmental Management, Public Safety, Housing, Healthcare,

Education, Critical Infrastructure, Community and Faith-Based Organizations, and Economic Development. These policy leaders have articulated the guiding principles that inform the federal response, taken inventory of existing federal programs and funds available to the affected regions, and are working closely with local leaders and decision-makers to recognize the greatest challenges and highest priority needs of the affected region. Together with our Working Group team members from across the Administration, our Office determines the most appropriate, effective, and integrated federal response to these needs.

## **RECOVERY ASSISTANCE**

Hurricanes Katrina and Rita left many of our fellow citizens stunned and uprooted. This Administration believes in the government's duty to provide resources and support on behalf of the American people, and to rally this nation's armies of compassion. The federal government has and will continue to support evacuees through direct financial assistance, temporary housing, and other programs.

- 84,185 mobile homes (average cost of \$30,000/each) and 2,085 travel trailers (average cost of \$10,500/each) are occupied (as of 3/1).
- 4,899 mobile homes and 1,109 travel trailers are ready for occupancy.
- \$6.2 billion to 2,435,932 approved Individual Assistance applicants for temporary housing, expedited assistance, rental assistance and personal property, including \$5.3 billion in assistance to 1,052,520 applicants

under the Individual Housing Program (IHP) for Katrina in all states (as of 2/28).

As there has been some confusion over the various types of cash assistance provided by FEMA, let me spell these out in greater detail.

- Initially, a total of \$22,748,000 was delivered to evacuees in San Antonio, Dallas, and Houston mega-shelters in the form of expedited assistance. As of 2/28/06, \$76,879,351 of such assistance has been released.
- As FEMA established its disaster recovery infrastructure, it's Direct Financial Assistance program began to provide more substantial aid for:
  - Temporary Housing - \$1,697,607,750 disbursed through 719,924 approvals
  - Home Repair - \$291,901,240 disbursed through 121,540 approvals
  - Replacement - \$265,994,200 disbursed through 26,011 approvals
  - Expedited Assistance - \$1,618,378,500 disbursed through 803,309 approvals
  - Rental Assistance - \$1,700,208,350 disbursed through 717,814 approvals
  - Personal Property - \$1,278,041,940 disbursed through 194,885 approvals

## **SAFETY - LEVEES**

When I made my first trip to the Southeast Louisiana region I asked everyone I visited with, "What are the three most important issues you face?" The answer, time and again, was, "Levees, levees, levees." The President has stated emphatically that public safety is the most critical part of long-term rebuilding in the area. People must feel that there is adequate commitment and planning for hurricane protection before they can make their decision to return – whether as a resident, a business owner or both.

The President responded quickly by asking Congress to authorize his \$3.1 billion commitment to make the hurricane protection system that surrounds the New Orleans area stronger and better. During the Appropriations process a portion of that \$3.1 billion request was redirected to other uses along the Gulf Coast. In response, the President has included, as a part of his recent supplemental request to Congress, another \$1.46 billion for the addition of flood gates and pumping stations to interior canals, selective armoring of levees, the initiation of wetlands restoration projects, and additional storm-proof pumping stations. I have personally visited the levees with General Strock and I also receive regular updates from the Army Corps on their progress. They are on track to meet their deadline for pre-Katrina strength before the beginning of the next hurricane season.



## **COMMUNITY - HOUSING**

After the Administration made its commitment to rebuild the levees stronger and better, the next issue on the minds of the people of the Gulf Coast was housing. Congress set aside \$11.5 billion in Community Development Block Grant (CDBG) funds for the Gulf Coast. These funds will be used by the states as they implement their plans to assist the residents of areas affected by Hurricanes Katrina and Rita.

As I learned more about the unique flood vulnerability of Louisiana, I learned that safety is not just about the levees and coastline, but also about homes. As we build the hurricane protection system stronger and better, we must also allow the states to rebuild their housing stock in a safer and smarter manner, protecting the lives and assets of the people of Southern Louisiana. In order to meet the unique needs of Louisiana, the President has requested \$4.2 billion in Community Development Block Grant funds for Louisiana, as a part of the recent supplemental, to address its plans for future flood mitigation measures to protect housing and critical infrastructure.

These funds will be available after each state submits a detailed plan to the federal government outlining its use of the funds. I look forward to continuing our work with the States on these plans.

Additionally, the Department of Housing and Urban Development, through the Federal Housing Administration, has two mortgage insurance programs that are being used to assist victims of the hurricanes in the Gulf Coast.

HUD has a special mortgage insurance program under Section 203(h) of the National Housing Act to assist disaster victims. Under this program, individuals or families whose residences were destroyed or damaged to such an extent that reconstruction or replacement is necessary are eligible for 100 percent financing. The previous residence must have been in the disaster area and the borrower may have been the owner of the property or a renter of the property affected. Through Section 203(h), the Federal Government helps victims in presidentially-designated disaster areas recover by making it easier for them to get mortgages and become homeowners or re-establish themselves as homeowners.

The Section 203(k) program is HUD's primary program for the rehabilitation and repair of single family properties. While it is usually used as an important tool for community and neighborhood revitalization and for expanding homeownership opportunities, it is also used for repairing homes damaged as a result of a natural disaster. The requirement for a dwelling to be completed more than one year preceding the date of the application for mortgage insurance under Section 203(k) does not apply to properties in the disaster area. Damaged residences are eligible for Section 203(k) mortgage insurance regardless of the age of the property. Homes that have been demolished, or will be razed as part of the

rehabilitation work, are eligible provided some of the existing foundation system remains in place.

## **ECONOMY - ECONOMIC DEVELOPMENT**

The President, along with Congress, has also been mindful of the renewal of the region's economy. The role of the federal government in restoring the traditional industries of the region (i.e., the tourism, seafood, and energy sectors), and in attracting new industries, is to rebuild stronger hurricane protection, assist in the renewal of housing stock, and create strong incentives for the private market to participate in the renewal of the region. At the end of 2005, the President signed into law the Gulf Opportunity Zones Act (or GO Zones). This legislation, providing approximately \$8 billion in tax relief over five years, will help revitalize the region's economy by encouraging businesses to create new jobs and restore old ones. Some of the principal provisions within the Gulf Opportunity Zone Act of 2005 include tax-exempt bond financing for both residential and nonresidential property, provision of eighteen times the usual amount of low-income housing tax credits, bonus depreciation, and expensing for certain demolition and clean-up costs, just to name a few. Simply put, this law renews businesses, rebuilds homes, and restores community.

In the affected area, the Small Business Administration (SBA) has adapted and ramped up its capacity in order to provide loans and working capital to small

businesses and families. Small Business Administration disaster loans provide vital low-cost funds to homeowners, renters, and businesses to cover uninsured disaster recovery costs as well as loans for the working capital needs of businesses affected by disasters. Since last year's hurricanes, SBA's Disaster Loan Program has approved approximately \$5.8 billion in disaster loans to over 82,100 homeowners, renters, and businesses along the Gulf Coast. Given SBA's ongoing commitment to small business owners in this region, it is imperative that Congress approve the \$1.25 billion for SBA's Disaster Loan Program.

The financial services sector in the region is also doing its part to provide capital. When Hurricanes Katrina and Rita hit the Gulf Coast, they impacted the operations of at least 280 financial institutions, with over 5,000 branches, with 120 of these institutions headquartered in the 49 counties and parishes in Alabama, Louisiana, and Mississippi designated by FEMA as eligible for individual and public assistance. Similar to other sectors of the Gulf Coast economy, financial institution facilities and employees experienced damage and disruption. While financial results to date do not yet provide a clear picture of the full effects of the storms, recent data suggests that institutions may be reacting and adjusting to the effects of the hurricanes. Post-hurricane data reveal that a number of institutions operating in areas hit hard by Katrina are moving fairly aggressively to build loan loss allowances and experienced a pick-up in charge-off rates. All institutions remained "well capitalized" or "adequately capitalized,"

and liquidity for most of the institutions also remains strong. While the prospects for the financial institutions most affected will depend in large measure on the efforts underway to rebuild and revitalize the communities these institutions serve, local bankers remain cautiously optimistic and are not predicting any bank failures.

Workforce development will also be critical to long-term economic security. Secretary of Labor Elaine L. Chao and I attended a meeting in December 2005 with the President, labor leaders, civil rights groups and business associations to discuss workforce initiatives and overall employment issues facing the region. We tasked those leaders with devising a plan to prepare the workers of the region for the future of the Gulf Coast economy. We recently completed that plan and look forward to implementing the program in May 1, 2006, in New Orleans, Louisiana. We want to help create as many jobs as possible in the Gulf Coast and prepare its residents to fill those jobs. To do this, we have set an ambitious goal that we are committed to achieving – this public/private initiative will train 20,000 new workers for careers in construction and skilled trades by the end of 2009. We will continue to work to make the Gulf Coast a great place to invest, to do business, and to live.

## **CONCLUSION**

President Bush is committed to rebuilding the Gulf Coast. The federal government will continue to facilitate and help strengthen, but not replace, State

and local government or private initiatives, and we will help our fellow citizens meet the challenges of reconstruction and rebuild their lives and communities for the years to come. The residents of this area and the President can agree on this: Failure is not an option.

There is no doubt that a tremendous amount of work is still ahead of us but we are heartened and encouraged by the progress made. We are proud of the work that has been accomplished to date on both the State and Federal level. We look forward to working with leaders in Alabama, Florida, Louisiana, Mississippi and Texas in the days, weeks and months ahead to assist in the implementation of their respective visions while also serving as a good steward of the taxpayer dollars that the distinguished members of this panel, along with your colleagues, have helped secure. With diligence and thoughtfulness, we will continue to work on behalf of all Americans to further progress: building safety and security, restoring communities, and reviving economic development.

Mr. Chairman, this concludes my testimony. Again, I appreciate this opportunity to appear before you as the Federal Coordinator for Gulf Coast Rebuilding. I am prepared to respond to any questions that you may have.

Thank you.

# **ATTACHMENT A**

## KATRINA AND RITA ASSISTANCE BY SOURCE AS OF FEBRUARY 2006

1. Immediate Response/Recovery	\$38.9 billion net enacted	Appropriated to FEMA, DOD, and the Corps for clean up, assistance to evacuees, levee repair, municipal loans, and other immediate response/recovery. Reflects FEMA reallocation (\$-23.4 billion).
2. Flood Insurance	\$18.5 billion available	Covers about 210,000 of 230,000 estimated claims for insured properties, with approximately \$17 billion in payments to date.
3. Reallocation for Federal Infrastructure, Housing & Other Needs	\$29 billion gross enacted	Additional funds for HUD and HHS grants; SBA loans; education assistance; and rebuilding of levees, Defense and NASA facilities, and Federal highways. Offset by \$24 billion in reallocated funds, mostly from FEMA.
4. Reconciliation	\$2 billion	For state health care expenses associated with Katrina victims and evacuees.
<b>Total Assistance Committed by Federal Government</b>	<b>\$88.4 billion</b>	
Katrina Tax Incentives and Relief	\$8 billion FY06-07	GoZones, charitable giving incentives, full deductibility of personal losses, and extended periods for replacing damaged property. Ten-year total is \$11 billion.
Additional Funding Spring Supplemental	\$19.8 billion	On-going disaster assistance for families and individuals, remaining debris removal, infrastructure reconstruction and repair, small business disaster loans, levees, housing, and other State and local disaster recovery costs.
Flood Insurance	\$5.6 billion	Covers remaining estimated claims for insured homes and businesses



## KATRINA AND RITA ASSISTANCE, BY ISSUE AS OF FEBRUARY 2006

<u>Need Addressed:</u>	<u>\$ billions</u>	
Agriculture	\$0.9	USDA funding for agriculture and timber losses, recovery, and conservation.
Education	\$1.6	Education assistance for restarting schools, impact of displaced students and higher education needs.
Federal response and facilities	\$23.3	Response by FEMA, DOD, and other agencies, as well as restoration of Federal facilities.
Housing*	\$43.1	Grant and loan programs in FEMA, HUD, and USDA for temporary and long-term housing, including Federal flood insurance.
State and local response and infrastructure	\$13.7	FEMA, Transportation, and Corps of Engineers funding to restore Gulf Coast infrastructure, including levees and Federal highways.
Non-housing Cash Assistance	\$2.6	FEMA grants and SBA loans covering needs beyond housing. Does not include full \$3.2 billion of SBA loans approved to date.
Health, Social Services, and Job Training	\$3.1	Programs in HHS, Labor, and other agencies to address health, social services, and economic needs. Includes \$2 billion from Reconciliation
<b>Total Assistance Committed</b>	<b>\$88.4</b>	Does not include Spring Supplemental Request

\*Higher than GCRC figure due to projection of DRF

# **ATTACHMENT B**

## **Hurricane Katrina Supplemental Funding by Major Category**

### **Agriculture -- \$681 million**

The U.S. Department of Agriculture is providing \$200 million for the Emergency Conservation Program (ECP). The program provides emergency disaster recovery assistance to farmers that experienced damage from natural disasters to help restore the productive capacity of cropland. The reallocation bill expands ECP's authority, including helping nurseries, oyster beds, poultry houses, private non-industrial forest landowners.

USDA is also providing \$300 million for USDA's Emergency Watershed Protection (EWP) Program. This program provides emergency disaster recovery assistance to local areas that experienced damage from 2005 hurricanes. In the past, this program has been authorized only to remove debris from waterways, reduce the risk of future flooding, and mitigate threats to public safety and infrastructure. The reallocation bill expands EWP's authority to clean up structures on private land and to assist private forest landowners.

Additionally, USDA has \$181 million available for a variety of agricultural loss assistance programs, including:

- technical and financial assistance to help non-industrial private forest landowners with removal of debris and downed timber, and to conduct forest health projects that will lessen the threat of invasive species;
- restoration of affected national forests, including funding for projects that will improve wildlife habitat, protect timber resources, and reduce the threat of wildfires;
- repair or replacement of buildings, roads, bridges, and trails on national forests damaged by hurricanes in 2005; and
- supplemental funds for the Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program.

### **Education --\$1.6 billion**

The Department of Education has \$1.6 billion to provide funding for school districts and private schools for educating displaced students; for the states that were directly impacted (LA, MS, TX, and AL) to help schools reopen; to schools districts serving homeless children and youths; and to colleges and universities in Louisiana and Mississippi and institutions accepting displaced students. This assistance includes:

- \$1.4 billion for K-12 Education to provide \$750 million for restarting school operations in LA, MS, AL, and TX and \$645 million to compensate school districts and private schools for educating displaced students.
- \$200 million in aid directly to colleges. The vast majority of these funds, \$190 million, are evenly divided between the Louisiana Board of Regents and the statewide higher education coordinating board in Mississippi to provide assistance to

institutions (including private ones) in those states. The other \$10 million is being allocated to institutions that enrolled displaced students.

- \$5 million to school districts serving homeless youth to be used for enrollment assistance, assessment and school placement assistance, transportation, supplies, and referrals for health and mental health needs.

In addition, the reallocation bill provided the Secretary of Education with authority to waive certain requirements to ease regulatory and fiscal burdens on States and allows displaced teachers to be considered highly qualified in a core academic subject in another State for the 2005-2006 academic year, if a teacher was highly qualified prior to the being displaced by Hurricane Katrina or Rita.

### **Federal Response and Facilities -- \$23.3 billion**

The majority of funds for the immediate Federal response and recovery are available through the Federal Emergency Management Agency's (FEMA) Disaster Relief Fund. FEMA has made \$13.5 billion available to fund Federal response and recovery needs, and may reach a total of \$14.4 billion by May. Activities in this category that include current and on-going costs for agency mission assignments, such as reimbursing the Department of Defense for response costs and providing funds to the Army Corps of Engineers for debris removal, and for disaster field operations, including the establishment and staffing of the Joint Field Office and Disaster Recovery Centers.

In addition to FEMA, the Department of Defense has \$7.7 billion available for activities such as equipment repair and replacement (including shipbuilding), urgent repair and recovery costs, military personnel deployment and evacuation costs, and planning, design, and reconstruction costs for damaged DOD facilities.

The Department of Commerce has \$54 million for the National Oceanic and Atmospheric Administration (NOAA) for repair of weather-related facilities; unplanned operational costs for weather forecasting activities; upgrades and enhancements of hurricane forecasting instruments; including an additional aircraft to improve observations of hurricanes; and requirements for a damaged NOAA science center that provides necessary scientific support for fisheries management in the Gulf.

The Department of Homeland Security has \$284 million for Federal response and facilities, including:

- \$207 million for the Coast Guard to pay for damage to Coast Guard equipment and facilities, as well as for activation of reserve personnel to assist with recovery efforts;
- \$34 million for Customs and Border Protection to repair and replace critical IT equipment and all other property lost in the flood, and for reconstruction and replacement costs, including the laboratory and seizure vault in New Orleans, as well as other tenant improvements to rebuild CBP structures;

- \$17 million for the Federal Emergency Management Agency to improve procurement capacity and oversight and to manage repairs to the Emergency Alert System;
- \$13 million for Immigration and Customs Enforcement to repair and replace critical communications infrastructure and destroyed information technology, as well as replace vehicles;
- \$10 million for the Office of Domestic Preparedness' State and local programs to replace equipment stockpiles deployed in response to the hurricanes; and
- \$4 million for the Secret Service to replace lost technical security and radio equipment for agents, to replace destroyed vehicles at the New Orleans Field Office, and to provide agents with permanent change of station moves.

The Department of Interior has \$70 million available, including \$16 million for the Minerals Management Service (MMS) oil and gas operations to begin repairs to the Metairie, LA, office; and \$19 million to recovery operations within National Park Service (NPS) units; and \$30 million for recovery operations within Fish and Wildlife Service (FWS) wildlife refuges.

The Department of Justice has \$104 million available to replace equipment, to repair damaged Bureau of Prisons facilities, and to cover law-enforcement specific facilities costs for the Federal Bureau of Investigations, the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Drug Enforcement Administration, the U.S. Attorneys, and the U.S. Marshals Service.

The Department of Veterans Affairs has \$251 million available to restore facilities in order to continue medical services operations and to plan and design a new VA hospital in New Orleans. Additional funds available to provide medical services, process benefits, and extend services at the VA hospital in Biloxi are included under the Health and Social Services category.

The Environmental Protection Agency has \$8 million available for the Leaking Underground Storage Tank (LUST) program, and EPA is conducting site assessments of leaking tanks to identify and initiate the appropriate corrective actions for any leaking tank caused by Hurricanes Katrina or Rita.

The General Services Administration has \$38 million available to begin short- and long-term repairs of specific Federal buildings and courthouses.

The National Aeronautical and Space Administration has \$350 million for emergency recovery operations, damage surveillance, and repairs to facilities and communications/IT infrastructure at NASA's Stennis and Michoud centers. The request also would provide for repairs to Space Shuttle External Tanks and support equipment housed at Michoud.

Finally, the Judiciary has \$18 million for necessary expenses related to the consequences of the hurricanes in the Gulf.

**Health and Social Services -- \$3.1 billion**

The Reconciliation bill provides \$2 billion for Katrina-related Medicaid and SCHIP expenditures and uncompensated care costs by expanding reimbursement for expenditures permitted under the Administration's Medicaid/SCHIP 1115 waiver authority.

Reimbursements include:

- Non-Federal share for Medicaid and SCHIP expenditures to eligible states that have provided care to affected individuals (Home States) or Katrina evacuees (Host States) through June 30, 2006.
- Uncompensated care costs for the provision of medical services for evacuees, in-state individuals who do not have any other source of health coverage, and the total cost of services not covered by the state Medicaid plan for evacuees and in-state individuals receiving temporary eligibility under a waiver. Payment for these costs is allowable through January 31, 2006.
- Reasonable administrative costs, as determined by the Secretary.
- For affected counties and parishes (defined as those counties and parishes for which a disaster declaration is made with respect to Hurricane Katrina), the non-Federal share of regular Medicaid and SCHIP costs for regular Medicaid and SCHIP eligibles.
- For other purposes, approved by the Secretary, to restore health care in impacted communities.

The Department of Health and Human Services' Administration for Children and Families has \$550 million available for the Social Services Block Grant (SSBG). SSBG funds are provided for hurricane-related social services, health services (including mental health services), and repair and construction of health facilities.

An additional \$90 million has been made available for Head Start to serve children displaced by hurricanes and to cover the costs associated with renovating Head Start facilities affected by the hurricanes, to the extent that FEMA and insurance companies do not fully cover such costs.

The Department of Veterans Affairs has \$350 million available to provide medical services, process benefits, and extend services at the VA hospital in Biloxi.

The Department of Labor has \$125 million available for National Emergency Grants. These grants provide funds to States affected by Hurricanes Katrina and Rita for job training, placement, and temporary employment in disaster relief and recovery. DOL previously made existing funds available to the Gulf Coast states for similar activities.



### **Housing -- \$43.1 billion**

Through the Disaster Relief Fund, FEMA has made \$10.4 billion available for housing assistance, and may reach a total of \$12.6 billion by May, including over \$7 billion for the direct housing assistance program (including distributed and anticipated funds) and more than \$5 billion in manufactured housing expenses.

The Department of Housing and Urban Development (HUD) has \$11.5 billion in flexible funding available through the Community Development Block Grant (CDBG) program for reconstruction and rebuilding activities, such as infrastructure repair, housing rehabilitation/repair, and job creation. HUD is currently working with the States of Louisiana, Mississippi, Alabama, Texas, and Florida on allocation plans for CDBG funds.

HUD also has made \$390 million available for hurricane-related housing vouchers, continuing a program initiated by a FEMA mission assignment to HUD. These funds provide housing vouchers for households that were living in the area affected by Hurricane Katrina and were in HUD assisted housing prior to the disaster or were homeless (on the street or in shelter) at that time. Normal housing voucher income eligibility and tenant contribution requirements are waived for up to 18 months. Funding is sufficient to support expected use through May, 2006, and probably through the summer.

The Department of Agriculture has \$70 million available for rural housing grants and to support rural housing loans.

FEMA's National Flood Insurance Program has a total of \$18.5 billion in borrowing authority to pay flood insurance claims to homeowners and businesses.

### **Non-Housing Cash Assistance -- \$2.6 billion**

Through the Disaster Relief Fund, FEMA has made \$1.7 billion available, and may reach a total of \$1.9 billion by May, for non-housing cash assistance through the Individual Assistance "Other Needs" program.

The Department of Labor has also provided \$236 million in Disaster Unemployment Insurance to hurricane victims that are unemployed as a result of the disasters but are not eligible for regular unemployment benefits, such as the self-employed.

In addition, the Small Business Administration has provided more than \$4.3 billion dollars in disaster loans to homeowners and businesses, supported by \$445 million in supplemental budget authority. Under recently enacted legislation, SBA also has the authority to transfer up to \$712 million from FEMA's Disaster Relief Fund to support additional loan volume.

### **State and Local Response and Infrastructure Assistance -- \$13.7 billion**

Through the Disaster Relief Fund, FEMA has made approximately \$3.7 billion available, and may reach a total of \$7.4 billion by May, for state and local response and infrastructure assistance, including the following activities:

- reimbursement for state and local emergency protective measures, such as law enforcement and emergency management overtime expenses;
- grants to states for debris removal (not including debris removal provided by the Army Corps of Engineers);
- public assistance grants to repair and rebuild public and private, non-profit infrastructure;
- hazard mitigation grants to states and localities to protect against future damages, including potential property buy-outs and building elevation costs; and
- funds to support \$1 billion in Community Disaster Loans, which provides financial assistance to local governments with negatively impacted revenue streams.

The Army Corps of Engineers has made \$3.3 billion available for the following activities and projects:

- \$200 million to dredge navigational channels and repair other Corps projects in the Gulf region;
- \$200 million to repair pump stations in southern Louisiana;
- \$1.9 billion to repair and restore New Orleans levees to their authorized level of protection;
- \$10 million to initiate a comprehensive study of hurricane and storm protection for Mississippi;
- \$620 million to accelerate completion of several authorized, cost-shared flood and storm protection projects across Louisiana and Mississippi at full Federal expense;
- \$328 million for mostly navigation-related repairs in states affected by hurricanes Katrina, Ophelia, Rita and Wilma; and
- \$70 million to prepare for future hurricane, flood and other storm emergencies.

The Department of Transportation has made \$2.8 billion available, as follows:

- \$2.75 billion for Highway Emergency Relief, including \$629 million to repair the I-10 Bridge;
- \$41 million to repair FAA facilities and equipment; and
- \$8 million to replace a MARAD pier.



# **ATTACHMENT C**

# Summary of Katrina and Rita Assistance Provided by Congress, by Category, Agency, and Activity

Category	Agency	Activity or Program	Budget Resources (\$ millions)
<b>Agriculture</b>			
	USDA	Emergency Watershed Protection Program	200
	USDA	Forestry Disaster Assistance Fund	404
	USDA	Emergency Conservation Program for restoring cropland productivity	300
<b>Agriculture Total</b>			<b>904</b>
<b>Education</b>			
	Dept of Education	Restart school operations in affected areas	750
	Dept of Education	Emergency aid for impact of displaced students	645
	Dept of Education	Homeless children and youth programs	5
	Dept of Education	Aid for higher education institutions	200
<b>Education Total</b>			<b>1,600</b>
<b>Federal Response and Facilities</b>			
	DHS: FEMA	Mission assignments to other Federal agencies	8,878
	DHS: FEMA	FEMA operations in the Gulf Coast, including salaries, travel, equipment supplies,	4,087
	DHS: FEMA	National Disaster Medical System reimbursements to hospitals for evacuees and other uncompensated care	100
	DHS: FEMA	Support services for housing inspection and individual counseling	437
	DHS: FEMA	Projected DRF allocations for FEMA operations (unallocated)	901
	Dept. of Defense	Hurricane emergency response	1,900
	Dept. of Defense	Response and longer-term recovery, including military personnel costs, operations and maintenance, health, procurement, and construction.	5,820
	Dept. of Commerce	Repair and recovery of Commerce facilities	54
	DHS (non-DRF)	Repair of Coast Guard, ICE, and CBP facilities, and enhancement of FEMA emergency alert systems in the Gulf Coast	284
	Dept. of Interior	Repair of storm damage to Interior facilities	70
	Dept. of Justice	Federal response/recovery	104
	USDA	Temporary personnel relocation and facility repair/rebuilding	71
	Dept. of VA	Immediate response and facility repair	225
	EPA	Site assessment of damaged storage tanks	8
	NASA	Repair and recovery of Stennis and Michoud facilities	350
	GSA	Repair of GSA-managed buildings	38
	Judicial Branch	Repair and replacement of damage equipment	18
<b>Federal Response and Facilities Total</b>			<b>23,345</b>

## Summary of Katrina and Rita Assistance Provided by Congress, by Category, Agency, and Activity

Category	Agency	Activity or Program	Budget Resources (\$ millions)
<b>Health, Social Services and Job Training</b>			
	HHS	Assists states with health costs associated with evacuees, including Medicaid, SCHIP, and other uncompensated care costs.	2,000
	HHS	Social Service Block Grants supporting family and mental health services, and assistance to damaged health facilities.	550
	HHS	Assistance to Head Start program and centers in the Gulf Coast	90
	USDA	Supplemental funds for commodity food programs	10
	Dept. of VA	Extend medical services and benefits processing for veterans throughout the affected region	368
	Dept. of Labor	National Emergency Grants for job placement and recovery	125
<b>Health, Social Services and Job Training Total</b>			<b>3,143</b>
<b>Housing</b>			
	DHS: FEMA	Individual Housing Assistance payments	5,015
	DHS: FEMA	Manufactured housing procurement and support	5,414
	DHS: FEMA	Projected DRF allocations for housing assistance programs (unallocated)	2,211
	HUD	Community Development Block Grants	11,500
	HUD	Katrina Disaster Housing Assistance Program	390
	USDA	Housing program grants	20
	USDA	BA for housing loan programs, supporting \$1.5 billion in loan volume	45
	DHS: FEMA	National Flood Insurance Program	18,500
<b>Housing Total</b>			<b>43,095</b>
<b>Non-housing Cash Assistance</b>			
	DHS: FEMA	Other Needs Assistance payments to households	1,673
	DHS: FEMA	Projected DRF allocations for 'other needs' assistance (unallocated)	210
	Dept. of Labor	Disaster Unemployment Insurance (from FEMA funds)	236
	SBA	BA for individual and business disaster loans, \$4.3 billion approved to date	445
<b>Non-housing Cash Assistance Total</b>			<b>2,564</b>
<b>State and Local Response and Infrastructure</b>			
	DHS: FEMA	Category A grants for state and local debris removal	1,163
	DHS: FEMA	Category B grants for state and local emergency measures	1,287
	DHS: FEMA	Public Infrastructure Repair/Reconstruction	408
	DHS: FEMA	Hazard Mitigation funds provided to date	43
	DHS: FEMA	Community Disaster Loans credit subsidy and administrative costs	752
	DHS: FEMA	Projected Public Infrastructure Repair and Reconstruction, debris removal, and mitigation (unallocated)	3,776
	Army Corps of Engineers	Emergency repairs to levees	400
	Army Corps of Engineers	Repair to New Orleans levees and water control	1,500
	Army Corps of Engineers	Repair to other levees and water control	1,400
	Dept. of Transportation	Funding for repair of Federal highways and bridges	2,799
	USDA	Non-profit utility repair	53
	USDA	Private forest debris removal	30
	Dept. of Justice	Grants for local law enforcement costs	125
<b>State and Local Response and Infrastructure Total</b>			<b>13,736</b>
<b>Grand Total</b>			<b>88,387</b>